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Justin Lindemann

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Behavioral Science in Business: How to Successfully Apply Behavioral Science in A Corporate Setting

Abstract

Over the past several years, behavioral science has slowly begun to creep its way out of the shadows and into the spotlight of the private sector. This transition has been facilitated in no small part by the efforts of academia and the proliferation of literature that offers a window into the countless ways in which behavioral science can help organizations guide people towards better outcomes. While companies are beginning to recognize the value of behavioral science, the application of this research is still in its infancy. Based on interviews with a number of practitioners, in addition to my own experience, this paper presents a basic road map that aspiring practitioners can follow as they set out to apply behavioral science in their own organizations. To simplify what is often an ambiguous topic, I have defined “behavioral problems” to mean any business challenge that involves people, while “behavioral solutions” can be distilled down to any solution that fixes these problems. The liberal interpretation of these terms highlights the broad reach that behavioral science can have in the corporate world.

Disciplines

Social and Behavioral Sciences

**BEHAVIORAL SCIENCE IN BUSINESS:
HOW TO SUCCESSFULLY APPLY BEHAVIORAL
SCIENCE IN A CORPORATE SETTING**

Justin Lindemann

Summer 2019

Chris Nave, PhD

Abstract

Over the past several years, behavioral science has slowly begun to creep its way out of the shadows and into the spotlight of the private sector. This transition has been facilitated in no small-part by the efforts of academia and the proliferation of literature that offers a window into the countless ways in which behavioral science can help organizations guide people towards better outcomes. While companies are beginning to recognize the value of behavioral science, the application of this research is still in its infancy. Based on interviews with a number of practitioners, in addition to my own experience, this paper presents a basic road map that aspiring practitioners can follow as they set out to apply behavioral science in their own organizations.

To simplify what is often an ambiguous topic, I have defined “behavioral problems” to mean any business challenge that involves people, while “behavioral solutions” can be distilled down to any solution that fixes these problems. The liberal interpretation of these terms highlights the broad reach that behavioral science can have in the corporate world.

This paper also lays out a behavioral framework that summarizes the key elements of a successful behavioral initiative. The foundation of applied behavioral science lies in experimentation and must incorporate a structured plan to source insights, map behavior, pilot/test hypotheses, and implement interventions, all while being viewed through an ethical lens. Finally, this paper offers best practices for establishing a behavioral team, offering guidance on who to hire, where to place the team, and how to get the initiative off the ground.

Current State of Behavioral Science in Business

It is an exciting time to be part of the behavioral science community. Over the past several years, interest in human behavior and decision making has slowly begun to creep its way out of the shadows and into the spotlight. This transition has been facilitated in no small-part by the efforts of academia and the proliferation of literature that offers a window into the countless ways in which behavioral science can help organizations guide people towards better outcomes. Private companies around the world are finally beginning to recognize the value that behavioral science can bring to their organizations and one-by-one behavioral teams are beginning to sprout up in a number of industries.

Nevertheless, the formal establishment of behavioral science in the private sector is still in its infancy. The teams that do exist are small – often only one or two employees – and many companies don't seem entirely sure how they want to use behavioral science, nor who they need to hire in order to get an initiative off the ground. There is a lot of excitement in the applied behavioral science, but there is also a lack of clarity.

In this paper, I attempt to take a step back amidst this excitement and ask what it really means to apply behavioral science in the corporate world? And once we know what it means, how should practitioners go about pursuing behavioral initiatives? To answer these questions, I first interviewed a number of successful behavioral science practitioners across a variety of industries. Combining these insights with my own lessons learned while applying behavioral science at Navy Federal Credit Union, as well as my experience as a student in the University of Pennsylvania Master of Behavioral and

Decision Sciences program, I generated a basic road map that aspiring practitioners can follow as they set out to apply behavioral science in their own organizations.

What Does it Mean to ‘Apply Behavioral Science’?

Initial pursuits into behavioral science tend to follow a predictable path. Corporate leaders – attracted by the allure of an up-and-coming field – recognize the need to incorporate behavior into their business. They buy into the science and they are eager to start identifying behavioral problems and developing behavioral solutions. But what does that mean? What constitutes a behavioral problem? What exactly is a behavioral solution? And how do these concepts differ from “conventional” business problems and solutions?

What is a behavioral problem?

When one refers to a problem as “behavioral”, they are likely referencing the foundational concept of bounded rationality – the idea that people are limited in their ability to make rational decisions due to constraints in their thinking capacity, available information, and time (Simon, 1982). While classical economic theory has been built on the assumption that people are perfect rational actors – often colloquially referred to as homo economicus – research has long since dispelled that notion (Kahneman, 2003). Rather than make perfect decisions all the time, behavioral economics has taught us that human judgment and decision making is largely driven by systematic biases and mental shortcuts (Ariely & Jones, 2008; Kahneman, 2011). And these findings extend to both companies and customers alike. After all, companies are run by human beings who make countless decisions every day. And one need not look any further than Amazon – which

offers more than 606 million different items – to see why consumers fall back on mental shortcuts to make everyday purchase decisions.

However, practitioners should be careful not to conflate economic rationality with the more conventional definition that is based on reason and logic. In an economic sense, rational behavior is described as choices that optimize the benefits – or utility – that one receives. However, utility is a very subjective concept. What may appear to be illogical on the surface may in fact be perfectly reasonable when viewed through the lens of utility. This distinction has very real consequences for practitioners. As explained by psychologist, Jonathan Baron: “If we falsely conclude that people are irrational in some way, we may waste our effort in trying to help them – and we may even make them worse. If we falsely conclude that people are rational when they are not, we lose an opportunity to help them” (Baron, 2000).

Rather than hold irrationality as a pre-condition for a problem to be classified as behavioral, I recommend taking a more liberal approach. Rational or not, business leaders should simply ask themselves whether the challenge at hand involves people. If so, it is likely a behavioral problem. Investigation into the psychological underpinnings of the behavior and the decision to pursue solutions is independent of the problem.

What is a behavioral solution?

Through the proliferation of popular literature, behavioral science has introduced a new way of thinking about business and societal problems. In their seminal book *Nudge*, Richard Thaler and Cass Sunstein provide countless examples of the ways in which the thoughtful construction of options – or choice architecture – can help guide people towards better outcomes (Thaler & Sunstein, 2008). They showed how default

options can boost enrollment in retirement plans (Madrian & Shea, 2001) and how automatic escalation can increase the savings rates in those plans (Thaler & Benartzi, 2004). They even showed how choice architecture can influence something as consequential as organ donation (Johnson & Goldstein, 2004).

Robert Cialdini achieved similar notoriety following the release of his book *Influence* (Cialdini, 2008). In it, he describes six key sources of influence: reciprocity, scarcity, authority, consistency, liking, and social proof. These concepts provide a valuable window into our tendency to exhibit mindless, automatic thinking. They show that compliance is often driven by mental shortcuts, rather than complex analysis. The last of these principles – social proof – was described through the lens of a memorable study in which hotel goers were encouraged to reuse their towels after viewing a cleverly worded placard that emphasized social norms (Goldstein et al., 2008).

Given the popularity of these examples, it is tempting for business leaders to view these solutions as simple tools that can be applied universally. However, setting up default options or leveraging social norming messages may not always be the answer. It may even be the case that a more conventional solution is more suitable for a particular business challenge. Whether the solution was the topic of a best-selling book doesn't matter as much as the process through which a practitioner arrives at a given solution.

What is a behavioral framework?

So, if a behavioral problem is simply any issue that involves people and a behavioral solution is no more than a means of fixing that problem, then where does that leave us? Rather than worry about semantics, successful practitioners have developed useful

frameworks to guide their thinking and help them ensure that behavior always remains at the center of their problem-solving process.

Some of the earliest – and most well-known – frameworks were developed by the Behavioral Insights Team (BIT) in the United Kingdom. Unofficially known as the Nudge Unit, BIT was launched with the mission of applying behavioral economics to improve British government policy. Understanding that behavior change is a highly complex process, they attempted to distill their approach down to a simple, memorable framework known as EAST (Hallsworth et al., 2014). The EAST Framework highlights four key principles that should guide any effort to affect behavior change:

- Make it *Easy*
- Make it *Attractive*
- Make it *Social*
- Make it *Timely*

The Behavioral Insights Team also created MINDSPACE – a helpful mnemonic that condenses the vast field of behavioral science into a manageable checklist of the most robust influencers of behavior (Dolan et al., 2010). While helpful, the team also recognized that these frameworks could not be applied in isolation without a full appreciation for the context of the problem. So, they supplemented these frameworks with a more complete method for project development (Hallsworth et al., 2014). The four main stages include:

- Define the outcome – Identify exactly what behavior is going to be influenced
- Understand the context – Visit the situations and people involved in the behavior, and understand the context from their perspective

- Build your intervention – Use the EAST framework to generate behavioral insights
- Test, learn, adapt – Put the intervention into practice

This basic structure represents the foundational elements that are often observed in other behavioral frameworks.

At Clover Health, for example, Chief Behavioral Officer, Matt Wallaert has adopted a similar straightforward approach to behavioral science. His framework – dubbed the Intervention Design Process (IDP) – is comprised of several key steps (Wallaert, 2019):

- Insight Validation – identify a potential opportunity for behavior change and validate that the insight is accurate
- Behavioral Statement – set the scope of your intervention by clearly articulating the desired behavior, the target, and any motivations/limitations
- Pressure Mapping – map the pressures – both promoting and inhibiting – that influence the behavior in question
- Intervention Design – brainstorm potential interventions to change the behavior in question
- Ethical Check – confirm that the intervention aligns with ethical standards
- Pilot/Test/Scale – complete a small-scale pilot to prove the concept, test the process with a larger sample, and scale if it is warranted

At the Common Cents Lab, behavioral scientists utilize the 3B Framework – developed by Kristen Berman – as a means of providing structure to the design of behavior change interventions (Ariely et al.). The three B's stand for:

- Behavior – identify the key behavior and define the specific and measurable action you want the user to take
- Benefits – amplify existing benefits or create new ones to encourage users to do the key behavior

- Barriers – reduce the friction and unnecessary steps that prevent users from doing the key behavior

Many of the other practitioners with whom I spoke also described similar frameworks that they use to guide their work. While they differ in name and structure, they largely incorporate many of the same basic concepts centered on behavior diagnosis and experimentation. With that in mind, in the next section I will dive deeper into the critical elements of a sound behavioral framework.

Elements of Applied Behavioral Science

Experimentation

At the heart of behavioral science – and any behavioral framework – is experimentation. Humans are inherently fickle creatures, thus it is difficult to truly understand and measure behavior change if we don't follow an experimental methodology that allows us to establish causal relationships. Without experimentation we risk making important decisions based on nothing more than ill-informed assumptions and conjecture.

Any experimental strategy should start with the introduction of randomized controlled trials (RCT) – the gold standard of scientific research. RCTs reduce bias in the scientific process by ensuring that participants in an intervention are randomly assigned to different treatments. They then measure the effects of the intervention by comparing the behavior of an experimental group(s) against a control group who did not have their experience manipulated (they did not receive the intervention). As research experts, one of the main responsibilities of a behavioral team is to design experiments that have adequate controls to satisfy the requirements of an RCT.

However, the realities of the corporate world don't always allow for such a strict interpretation of what constitutes an experiment. Scarce technology resources, budgetary constraints, short timelines, and political pressures often make it difficult for behavioral scientists to run true RCTs. That is not to say that companies facing these challenges should ignore experimentation altogether. Instead, it means that there is a spectrum of what constitutes "good science" and at times practitioners may need to make compromises in order to further their behavioral efforts. With that being said, all of the practitioners that I spoke to agreed that the pursuit of strict experimental standards within an organization is always a fight worth fighting.

The way in which practitioners assess the impact of their interventions varies from person-to-person. In academic circles, the results of an experiment must achieve a p-value below a certain threshold (generally 0.05) in order to claim that the finding is statistically significant. In essence, what this means is that if the statistical analysis showed a p-value below 0.05 then there is a less than 5% chance that the observed effect simply occurred by chance – i.e. the result was just statistical noise. However, the mindset in private-sector organizations tends to differ from those in academia. Companies are focused on creating value and they are often willing to take risks to generate that value. That means that if an intervention generates a p-value of, say, 0.10 it is not necessarily the case that it will be immediately dismissed. As Matt Wallaert at Clover Health pointed out, the p-value is only half of the equation. The other half – the size of the effect – is often overlooked. For example, if there was a 90% chance that your intervention cured cancer at almost zero cost, I would wager that most business leaders would be okay taking on the 10% chance that they were wrong.

Experimentation is the foundation for everything else you are going to do as a behavioral practitioner and whether or not it is being done using randomized controlled trials or with strict interpretations of p-values, establishing an experimental mindset is an essential part of any behavioral initiative. What follows are the key steps that most practitioners take in their pursuit of a sound experimental process.

Identify Behavioral Insights

Applying behavioral science to business challenges should follow a very simple structure at the most basic level – first identify a behavior that you intend to change and then develop solutions to address that behavior. While this may sound painfully obvious, eager executives often take the opposite approach. They start by identifying a solution and then attempt to find a problem that can be solved with that solution.

I experienced this type of contradictory thinking first-hand after introducing my organization to social norms. As is often the case with behavioral concepts, the science is engaging and business leaders immediately want to apply what they have learned. However, a solution-first approach to problem solving is ineffective for a number of reasons. First, starting with the solution forces you to commit to a single remedy. Sure, you may be able to find a problem that matches a given solution, but that does not necessarily mean that the solution is optimal – or even adequate. Focusing on solutions also makes it difficult to prioritize projects. If problems are addressed simply based on the use of arbitrarily selected solutions with no consideration for the ROI of the project—be it social or financial – it is likely that more fruitful opportunities are being overlooked.

And that is exactly what we found. In order to fulfill our request to develop social norming messages that could encourage positive financial behavior, we first needed to

find financial behaviors that we could communicate in a normative message. However, our attempts to match a problem with a social norm disregarded the possibility that many of these behaviors may not be driven by social dynamics. We were assigning solutions to problems without any evidence that these solutions were relevant. And more importantly, by focusing on the hammer rather than the nail, we failed to consider whether the problem we identified was relevant.

Rather than focus on solutions, practitioners should begin their process by identifying behavioral challenges, independent of any pre-conceived solutions that they may have in mind. Thus, it is no surprise that the first step in the Common Cents Lab's 3B's is the identification of the key *behavior* (Ariely et al.). Likewise, Clover Health begins their design process by identifying potential opportunities for behavior change (Wallaert, 2019). However, the process by which those behavioral insights are generated varied among the practitioners in my sample.

Organizations first need to determine their target population (in a general sense). Do they intend on addressing internal (i.e. employee) behaviors, external (i.e. customer) behaviors, or both? While the basic process for behavior change is largely the same for these two groups, this distinction will inform the strategic direction of the team. For example, teams who choose to pursue internal behavior change will likely need to gain support from Human Resources in order to implement employee-focused interventions. This relationship is less critical for a team who is solely focused on external projects.

The source of behavioral insights also varies from team to team. Some practitioners primarily develop insights from within their own group, while others outsource this process to other groups. Still others use a combination of the two

strategies. While centralized sourcing helps ensure that the insights are developed through a behavioral lens, almost all of the practitioners I spoke with shared that they reaped considerable value from the incorporation of other departments into this stage of the intervention design. Product owners and operations managers understand the behavior of their customers and employees far better than an outside observer, thus they are uniquely equipped to identify the behavioral challenges in their lines of business.

How practitioners choose to engage other departments is more or less a matter of stylistic preference. Some will insert team members into product meetings to encourage collaboration while others have found success with formal workshops that introduce external teams to behavioral concepts and then challenge them to develop insights based on their newfound knowledge. Regardless of the strategy, the emphasis on collaboration is a principle that is shared by many successful behavioral teams.

Behavior Mapping (Journey mapping, behavior mapping, pressure mapping)

Developing insights allows us to identify the behavior that we would like to change, but it is impossible to know how to create that change if we don't know what is motivating the key behavior to begin with. To put it more simply, sourcing behavioral insights provides the "what", but we need a way of addressing the "why". Enter: behavior mapping.

Practitioners use a variety of different terms to describe this step (e.g. journey mapping, pressure mapping, empathy mapping, etc.) and while there are subtle distinctions between each variation, the general theme is the same. Developing an effective intervention requires knowledge of the underlying motivations of the key

behavior and that can only be obtained by breaking down the behavior into more granular detail.

One key commonality that is shared by many mapping processes is the distinction between positive and negative motivators. For example, the last two “B’s” in the 3B Framework represent *benefits* and *barriers* (Ariely et al.). In other words, the framework asks the user to identify (i.e. map) both the factors that encourage the key behavior as well as those that prevent the key behavior. Similarly, Matt Wallaert’s team at Clover uses a pressure mapping system that separates motivations into promoting pressures and inhibiting pressures (Wallaert, 2019).

Once the behavior is thoroughly mapped it will be incumbent upon the behavioral team to identify the strongest motivators and then craft an effective intervention to manipulate those motivators. While teams can leverage academic literature, past experience, and models such as the EAST framework to design their interventions, in the end, the selection process is as much art as it is science. It is near impossible to find a laboratory experiment – let alone field research – that perfectly mimics your specific scenario. So, we test.

Piloting/Testing

Running small-scale versions of your intervention – or pilots – is a critical next step for a number of reasons. First and foremost, pilots tell us whether or not our intervention will work. Practically speaking, what this really means is that pilots reduce risk. As with any experiment, we cannot say with any certainty how it will turn out. Thus, it would be foolish to dedicate substantial resources to a project that has a meaningful probability of failure without first proving the concept. In the words of one

practitioner: “You don’t have to be right all the time; you just need to make small mistakes instead of big ones.” If designed properly, these small mistakes will hopefully result in small costs.

Piloting also reduces the risk of an all-too-familiar danger: confirmation bias – the idea that people seek out confirming evidence that satisfies their pre-conceived beliefs (Wason, 1960). People place a lot value on their time and effort, and the thought of wasting – or losing – those valuable resources can be psychologically painful – a concept known as loss aversion (Kahneman & Tversky, 1979). Consider the worker who has been burning the midnight oil for months on end, or the manager who has sunk a significant portion of their annual budget into a project. In order to avoid the pain of losing those weeks of work or those thousands of dollars, they may be tempted to seek out data or explanations that validate their effort rather than objectively assess the outcome of the pilot. However, by keeping pilots low-cost and minimizing their scale, behavioral teams can minimize their propensity towards confirmatory thinking.

Most of the practitioners in my sample echoed this theme of risk reduction. One manager at a large financial firm described their piloting process as a means to “progressively de-risk their idea.” They begin with very simple pre-tests that allow them to weed out the ineffective interventions. By identifying the most promising projects (at low cost) before proposing large-scale pilots, they maximize their chances of receiving support from internal decision-makers.

It is also at the pilot stage where practitioners often run into operational barriers. Behavioral theory is all well and good, but once interventions start impacting customers or employees, business leaders often grow nervous. What will happen if the pilot doesn’t

turn out as expected? What if there is a backfire effect? While these are very real concerns that need to be addressed, this line of questioning also presents an opportunity for practitioners to reinforce why they are running a pilot in the first place. Unforeseen outcomes are a possibility for any project; however, by running small-scale tests you limit the damage that can be done in the unlikely event of a nightmare scenario.

Even if practitioners are able to navigate operational concerns, they are often met with another formidable opponent – regulations. It is the unfortunate reality (from the perspective of the practitioner, at least) that many organizations are limited in their ability to run experiments due to legal limitations. For example, the leader of a behavioral science team at a large insurance provider informed me that they are unable to incorporate their primary insurance products into any of their interventions due to regulatory constraints. Instead, their work primarily focuses on the customer experience. In other cases, legal issues are less black-and-white. Another practitioner described their compliance department as being extremely sensitive to the reputational risks of behavioral interventions and, as a result, their lawyers play a key role in the selection of the team's projects. While legal roadblocks often present challenges for behavioral teams, many of the practitioners in my sample emphasized the need to build strong partnerships with their colleagues in the legal and compliance departments. The greatest behavioral intervention in the world isn't going to help anyone if it doesn't get approved by the powers-that-be – and that includes lawyers.

Implementation

The final major step in any behavioral framework is the actual implementation of the intervention (following a successful pilot, of course). It is easy to get caught up in the

excitement of a successful pilot, yet this is another stage where practitioners often meet strong resistance. *Great, your fancy pilot worked, but how will we ever operationalize this?* For this reason, many practitioners highlighted the need to develop a road map that will guide the post-pilot strategy. Having an implementation plan – or at least the beginning stages of one – will help practitioners maintain momentum as they reach this critical stage.

The way in which interventions are scaled is simply a matter of preference. Yet, more often than not – according to the practitioners in my sample – the brunt of the implementation falls on the shoulders of the operational group who is in charge of the relevant process/program. Thus, it is imperative that these groups are integrated into the process early on and buy in to the implementation strategy. The last thing you want after building a successful pilot is to have your initiative derailed because the people who are carrying out the intervention aren't on board with your vision.

While the operational groups are setting the gears in motion, that doesn't mean that the job of the behavioral team is complete. Behavioral interventions require a highly collaborative process. Most practitioners describe their involvement at this stage as that of advisors. They make sure that the scaled version of the intervention still follows their original design and effectively leverages relevant behavioral principles, but they rely on the operational group to deploy the full-scale project.

Nor is the job complete after the intervention is up and running. As much as we would like to think that our newly implemented projects will flourish in perpetuity, rarely is that the case. Attitudes and circumstances are constantly changing, which means the impact of our interventions is constantly changing. It is important that practitioners

continuously monitor the effectiveness of their interventions. Even the brightest ideas eventually lose their luster.

Ethics

Earlier, I mentioned the frequent presence of regulatory hurdles during the piloting stage. Yet, the decision to pursue an intervention doesn't only rest on the question of legalities. It is equally important – if not more so – to consider the project based on ethical grounds. Changing behavior is a complicated endeavor, and it is not always immediately apparent whether or not a proposed solution is truly in the best interests of those it impacts.

One way to help decipher this puzzle is to identify whether the challenge you are addressing is the result of an intention-action gap or an intention-goal gap (Wallaert, 2019). In the case of the former, individuals have a desire to attain a certain outcome; however, for one reason or another, they lack the motivation to take the action necessary to reach that outcome. Since the individual already possesses a desire to achieve their goal, the only ethical challenge that could arise lies in how a practitioner motivates them to reach their goal.

The latter concept is more problematic. The intention-goal gap describes a scenario in which someone would ideally like to achieve a certain goal, but they have no intention of taking the necessary steps to reach it. In this case, creating motivation where none exists is pushing the individual into a behavior that they do not want. For this reason, it is much more likely that an intention-goal gap will lead to an ethically dubious intervention and should thus be approached with extreme caution.

In order to promote ethical practices at their firms, the practitioners that I spoke to utilize two main strategies: transparency and ethical review boards. Whenever possible, many behavioral teams will make their project resources widely available. One leader at a large financial firm maintains a library of slide deck materials that are posted on the team's internal web page while other practitioners publish blog posts about their interventions so that the general public is aware of their ongoing projects.

While feedback from an informed customer base may help guide the intervention design process, it is still critical to have an independent body who can serve as a neutral arbiter on all things ethics-related. Ethical review boards are used by many organizations to verify that their behavioral teams are following ethical practices and to ensure that interventions align with the best interests of their customers and members.

A third, more proactive approach has also been recently introduced into behavioral science circles. In a 2019 paper, Cass Sunstein argued that firms should take it upon themselves to conduct regular audits on their *existing* policies and programs to identify “sludge” – excessive or unjustified frictions, such as paperwork burdens, that cost time and money; that may make life difficult to navigate; and that may deprive people of access to important opportunities and services (Sunstein, 2019). Sludge can take one of two forms. It can discourage behavior that is in the best interest of the individual or it can encourage self-defeating behavior (Thaler, 2019). However, armed with their knowledge of human psychology, behavioral teams are well-positioned to recognize and address “sludgy” corporate policies through the use of regular audits.

Creating a Behavioral Team

The behavioral framework described above provides the key steps that successful practitioners take in order to achieve behavioral change within their respective domains. However, any business leader worth their salt will tell you that they are only as good as the people who surround them. As such, the final portion of this report will discuss the different roles that are needed on a behavioral team, will offer suggestions on where to house that team, and will briefly describe how a leader can go about getting their initiative off the ground.

Who to hire

Before I discuss specific job titles, it is worth considering where behavioral science sits within the corporate ecosystem. I like to think of behavioral science as the bridge between data science and the rest of the company. There are countless departments that deal with people (or with things that people interact with): Call Center Operations, Product Development, and Human Resources, to name a few. On the other side of the spectrum you have the data teams that are able to identify and summarize behavior through statistical analysis. In between, you have behavioral science teams who take these insights and attempt to uncover *why* these behaviors exist. To put it more succinctly, key behaviors occur within various departments throughout the organization, data science teams describe these behaviors, and behavioral science teams tell us why these behaviors are occurring.

A successful behavioral initiative will therefore need to incorporate all three of these key skillsets: business knowledge, data science, and, of course, an in-depth

knowledge of behavioral science. However, based on the structure of the teams that I have been exposed to, these personnel may not necessarily sit on the behavioral team. For example, one practitioner that I spoke with oversees a small team of two behavioral consultants. Both of these individuals have extensive experience in psychology and experimentation, and they also possess the practical business experience that allows them to translate broad business challenges into actionable behavioral problems. However, the third piece of the puzzle – the data analysis – is outsourced to an adjoining data science team.

Matt Wallaert's team at Clover Health takes a more comprehensive approach that covers each of the three main competencies, dividing his team into one of four positions (Wallaert, 2019):

- Research Fellow – responsible for scanning the universe of existing academic literature that will inform their interventions
- Quantitative Researcher – analyzes relevant member data
- Qualitative Researcher – observes and records member behavior
- Project Manager – partners with other departments to design/implement the intervention

In the end, the structure of the team is secondary to the requirement that the initiative has its foot in all three domains. The primary focus of the team will obviously revolve around an understanding of psychology and experimentation, but beyond that the team make-up will likely be influenced by the existing corporate structure. For example, an organization that utilizes a large centralized data science team is more likely to serve as a resource for the behavioral team, rather than have the behavioral team supply their own internal data scientists.

Where to place the team

While the location of a behavioral office may appear straightforward on the surface, I quickly discovered that there are a number of less obvious considerations that factor into this decision. With that being said, there is also no perfect solution. Every company is different, and the political realities of your organization will likely be just as significant to the final decision than anything I have to say. Nevertheless, during my interviews I uncovered three key considerations that can at least set aspiring behavioral leaders on the right path.

The first thing to consider is the most obvious: what is the focus of your group? Do you intend on applying behavioral science to UX design? Are internal challenges, such as creating better recruiting practices, a priority? The answers to these questions will give you the first piece of information you need. Placing the team as close as possible to the area that you hope to influence will maximize your ability to enact change. In business speak: you should look for synergies that will further support your team's efforts.

The second question that needs to be answered concerns the dissemination of behavioral knowledge. Most behavioral teams follow one of two models: A *center of excellence*, which serves as a centralized unit and functions more or less as an internal consultancy, or a *distributed* model, in which behavioral specialists are scattered around the organization. Both models have distinct advantages and disadvantages that mirror one another. In a center of excellence, the behavioral expertise is consolidated within a single group, so the behavioral team has far more control over things like experimental design and intervention selection. On the other hand, this model makes collaboration

with other groups more difficult. If you aren't at the right place, at the right time, you may miss a potential opportunity to lend your expertise. In a distributed model, that is not an issue. Placing small teams – or even a single team member – in various groups throughout the company helps ensure that the behavioral element is always part of the conversation. However, this strategy comes at the cost of control. The correct model for an organization will largely depend on how they value control vs. breadth.

Finally, and most importantly, practitioners must consider where they will receive the most support. It may be the case that, on paper, your group should be housed in the Marketing department. However, if the leader of that group doesn't see the value of behavioral science, or has more pressing issues to worry about, then that may not be the right location. The first two considerations may be important, but internal support is a necessity.

How to launch an initiative

So far, we have discussed who to hire and where to place the team. But how should an aspiring practitioner go about launching a successful behavioral program? In the final section of this report, I will present a list of the most helpful pieces of advice that I have received from other practitioners.

- *Develop and communicate a clear vision* – If you are attempting to build a behavioral team you clearly appreciate the value of behavioral science. However, that is not necessarily the case for those around you. Sharing the theory is fine, but executive-level decision makers will want to know exactly what your team will bring to the table. It is important to have a well-formulated vision that can be

clearly communicated as you will likely be pitching this idea to business leaders, not behavioral scientists.

- *Find an executive sponsor who supports your vision* – As mentioned in the previous section, internal support is critical to the development of a behavioral initiative. Finding an ally in the executive ranks will go a long way towards building credibility and acquiring resources.
- *Build awareness through workshops, road shows, etc.* – Several of the previous sections highlighted the collaborative nature of behavioral science in the corporate setting. Behavioral teams don't work in isolation, thus it is important to build awareness and understanding across the organization. One of the first steps that many practitioners take after establishing their teams is to go on a road show in an effort to introduce behavioral science to other departments. Others have hosted periodic workshops and/or lunch-and-learns. No matter what you call it, spreading awareness is a key first step.
- *Use frameworks to communicate important concepts* – We all have a limited capacity to absorb complex ideas. That is why many practitioners will leverage memorable frameworks or present important concepts using engaging examples whenever they present behavioral topics to their peers.
- *Don't lose sight of the business perspective* – Regardless of how well you sell your vision, your peers still operate in their own respective units and have their own respective agendas. They will want to know how your interventions will

impact both them and the company. Demonstrating an understanding of their business line and empathizing with their needs will help build support.

- *Don't over-resource (in the beginning)* – Building a team too quickly can sometimes lead to a quick downfall. Resources cost money and spending inevitably attracts attention. Give yourself some time to figure things out before you place a giant target on your back.

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